

REPORT TO THE CITY COUNCIL



DATE: February 20, 2018

TITLE: An Ordinance Amending Chapter 17.180 to Include Special Dispensary Entitlements in Certain Circumstances

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RECOMMENDATION

- 1) Staff Report;
- 2) Entertain Questions from the City Council to Staff;
- 3) Open the Public Hearing;
- 4) Take Testimony of those in Favor;
- 5) Take Testimony of those Opposed;
- 6) Take Testimony of those in a neutral position;
- 7) Close the Public Hearing;
- 8) City Council discussion; and
- 9) The Planning Commission unanimously recommends to City Council that the City Council introduce and read by title only, "An Ordinance of the City Council of the City of Desert Hot Springs, California, amending Chapter 17.180 to include special dispensary entitlements in certain circumstances."

DISCUSSION:

Background

The City adopted several ordinances over the past few years to allow for a comprehensive permit and entitlement process for both recreational and medicinal uses of marijuana, including manufacturing, testing, dispensing, cultivation and distribution. All marijuana related uses require that the applicant obtain certain entitlements and permits from the City. In particular, cultivation facilities located in industrial areas, and dispensaries located in commercial areas need both a conditional use permit and regulatory permit to operate in the City.

Proposed Ordinance

Currently, the Desert Hot Springs Municipal Code ("DHSMC") prohibits dispensing marijuana in any zone other than the commercial district, and further prohibits manufacturing of marijuana in a commercial zone. The proposed Ordinance proposes to amend the DHSMC as follows:

1. Allows a Special Dispensary Conditional Use Permit for **Cultivation Facilities with Tasting Rooms** in certain circumstances and pursuant to certain standards. To highlight some of the circumstances in the proposed Ordinance, the Cultivation Facility, among other things would need to meet the following:
 - A. Obtain a Special Dispensary Conditional Use Permit
 - B. Have a separate and designated tasting room
 - C. On-site sales are prohibited
 - D. Off-site sales are allowed to a direct consumer;
 - E. Comply with all state and local law.

2. Allows a Special Dispensary Conditional Use Permit for **Hotels** in certain circumstances and pursuant to certain standards. To highlight some of the circumstances in the proposed Ordinance, the Hotel, among other things would need to meet the following:
 - A. Obtain a Special Dispensary Conditional Use Permit
 - B. No cultivation whatsoever
 - C. Off-site sales are prohibited
 - D. On-site sales are allowed to a direct consumer;
 - E. Comply with all state and local law.
3. Allows a Special Dispensary Conditional Use Permit for **Light Manufacturing** (e.g. - bakeries, infusion uses) in certain circumstances and pursuant to certain standards. To highlight some of the circumstances in the proposed Ordinance, the Light Manufacturing Facility, among other things would need to meet the following:
 - A. Obtain a Special Dispensary Conditional Use Permit
 - B. No cultivation or extraction whatsoever
 - C. On-site sales are prohibited
 - D. Off-site sales are allowed to a direct consumer;
 - E. Comply with all state and local law.
4. Includes a streamlined process for marijuana facilities that have already undergone an entitlement process
5. Creates and defines Light Manufacturing as a land use
6. Creates and defines a Special Dispensary Conditional Use Permit
7. Adds definitions for a more comprehensive marijuana program

The Ordinance provides yet another mechanism for applicants to become engaged in the regulated marijuana industry.

State Licensing

The State has a comprehensive licensing scheme, where the licenses are primarily set forth in the Business and Professions Code. The State licenses include several types, including licenses for cultivation, manufacturing and distribution. For illustration purposes, the following State licenses would be required for applicants should they wish to obtain a Special Dispensary Conditional Use Permit:

- A. Cultivation Facility with Tasting Room. Depending, a Cultivation Facility with a Tasting Room would likely need to obtain the following State licenses 1) a Cultivation License (Type 1 through 5B, depending on the size and kind of cultivation, 2) Type 10-Retailer, and a 3) Type 11 (Distributor for sending their product out to be tested)
- B. Hotel. Depending, a Hotel would likely need to obtain the following State licenses 1) Type 10-Retailer.

- C. Light Manufacturing Facility. Depending, a Light Manufacturing Facility would likely need to obtain the following State licenses 1) a Type 10-Retailer, and a 2) Type N for non-extraction Manufacturing, Type 11 (Distributor for sending their product out to be tested)

EXHIBIT:

- 1) State License Types
- 2) Ordinance